



Chapter 21G: Grants

DPH Usage of Grant Agreements and Proposed Solicitation Waiver Process

Request for Health Commission Approval

May 3, 2022



Purpose of Today's Presentation

1. Present an Overview of a change in the DPH contracting process, impacting primarily non-profit contracts (moving from the P-600 Professional Services Agreement template/procedures to the G-100 Grant Agreement template/procedures) for efficiency reasons and to realign eligible services to the City's Administrative Code section governing grant agreements: Administrative Code 21.G-Grants; and
2. To comply with the Admin Code 21.G-Grants, seek approval of a proposed procedure to obtain Health Commission approval of sole source waiver requests for new grant agreements.



Background and Purpose of Contracting Change

- Currently, most DPH Contracts are processed as “Professional Services Contracts” pursuant to Chapter 21 of the Administrative Code and follow the Office of Contract Administration (OCA’s) subsequent Rules and Regulations including the use of a contract template called the “P-600”.
- However, per the SF Admin Code, Chapter 21 applies to "Services" and “Services” are defined to specifically exclude grants to a nonprofit entities to provide services to the community. Thus, in applying the standard Chapter 21 requirements for professional services contracting to DPH's community-based service contracts, sometimes the requirements don’t fit well, and can be time consuming.
- Most other City Departments, e.g. DCYF, HSA, Homeless and Supportive Housing (HSH) all utilize “grant agreements” to contract with community based, non-profit vendors. Effective January 2022, updates to Admin Code, Chapter 21G-Grants were approved by the Board of Supervisors. As DPH had the opportunity to provide feedback as part of the update discussions, this has created the incentive and focus to begin this transition.
- There are specific criteria for the usage of grant agreements, so this change is likely to be mostly applicable to DPH's non-profit agencies. It should be noted that grant agreements may be funded with General Fund monies, so the term doesn't mean an agreement for grant funding only.
- **This change is anticipated to create efficiencies that will decrease contract processing time and realign our services to the appropriate Administrative Code requirements. This change also requires us to implement a process to obtain Health Commission approval of a sole source waiver, when the desired vendor will not be subject to a solicitation process.**

Current P-600 vs. G-100 Contract Template Definitions (for reference)

Current: P-600 Contract Template

- Professional Services Agreement
- Vendor is Contractor
- The most commonly used DPH template for the acquisition of professional services. It is designed to fit most situations.
- P-600 Agreements are used for services that are “contracted out”
- **The Health Commission has an established annual process for approving sole source contracts governed by Chapter 21.42 of the Administrative Code.**

Proposed: G-100 Contract Template

- Grant Agreement (City is Grantor)
- Vendor is Grantee; **Note: the funding source may be a grant, or General Fund monies.**
- This template is used to grant funding for, or in furtherance of a public purpose.
- Public Purpose means “a benefit in the interest of one or more communities in the City or for the general good of the people of the City...”
 - Services performed for the direct benefit of DPH, e.g., a consultant, as opposed to for the public, are ineligible to be funded using this template.
 - Services that are otherwise routinely performed by City/and or City employees may not be funded using this template.
- **The Grant Ordinance identifies sole source approval requirements, but it is up to DPH to implement a process to meet the requirements.**

At-a-glance Comparison P-600 vs. G-100 Requirements

Effective January 2022

P-600s and G-100s are subject to approval by the Board of Supervisors **if the total contract “not to exceed amount” is ≥ \$10m and/or if the term is ≥ 10 years.**

When to Use:

P-600: Use after a Competitive Bid or Sole Source

G-100: Use after a Competitive Bid or without a competitive bid if grant falls under an exception based on govt entity, funding source, improvement to property, OR sole source

G-100 Potential Time Savings Due to Fewer Procedural Requirements

Requirements	P-600	G-100
Insurance	✓	✓
PSC Approval to Contract Services	✓	✗ <i>may save ~3 to 9 months</i>
12B: Equal Benefits	✓	✓
14B Local Business Enterprise (LBE)	✓	✗ <i>may save up to ~1 month</i>
BAA: Business Associate Agreement	✓	✓
CMD 3: LBE Compliance Affidavit	✓	✓
CMD 10 Contract Modification Form	✓	✗ <i>may save up to ~1 month</i>
12X: State Ban List	✓	✓
12T: Criminal History	✓	✓
Vendor Signature	✓	✓
City Atty Signature	✓	✓
DPH Director Signature	✓	✓
Purchaser/OCA Signature	✓	✗ <i>may save up to ~1 month</i>



OCA/Purchaser Rules & Regulations: Sole Source Waiver Approval

Rules & Regulations: On January 26, 2022, pursuant to Chapter 21G, the Purchaser issued [rules and regulations](#) pertaining to sole source grant-making under Section 21G.8 – Sole Source Grants and Section 21G.9 – Rules and Regulations, which allow the competitive solicitation requirements to be waived when:

- A competitive process is infeasible or impracticable (at the time)
- A Public Purpose may reasonably be accomplished by one particular Grantee

Grant Solicitation Waivers: Per the rules and regulations, departments are required to obtain a waiver of the Chapter 21G solicitation requirements utilizing the [Grant Solicitation Waiver Form \(P-21G.8\)](#).

- For Granting Agencies under jurisdiction of a commission or board, the waiver shall be approved by the respective commission or board for each proposed contract.
- **For DPH, the Department is requesting a Designee to sign documents on behalf of the San Francisco Health Commission.**



Comparable Process:

21.42 DPH Sole Source Waiver List

(this is current DPH procedure)

SF Admin Code, Chapter 21, Section 21.42 authorizes the SF Health Commission to designate as sole source, P-600 Professional Services Agreements for health, behavioral health and support services provided by non-profit organizations, when recommended by the Department where such services meet the established sole source criteria as defined in 21.42(b). Specifically, this authority is to cover a gap, pending the completion of a solicitation process.

DPH Sole Source Approval Process:

1. Each year, the DPH Office of Contracts Management and Compliance (Contracts Office) submits a list of current (and recent) non-profit contracts to the Health Commission for advance approval of potential sole source waiver usage, based specifically on San Francisco Administrative Code, Chapter 21.42 parameters. This provides DPH staff with advance approval to enter into a sole source agreement, if it is ever needed. Approval is not signed off for each individual contract at the time sole source authority is required, however, once a contract is developed, it is brought to the Health Commission if it meets the Health Commission requirements for review.
2. In accordance with Section 21.42, the Office of Contract Administration (OCA) will use the Health Commission's approved list as the basis for approving individual contracts with Chapter 21.42 sole source contracting authority.
3. SF Administrative Code, Section 21.42 is applicable to professional services and not Chapter 21-G Grants, which is why OCA has developed a Grant Agreement sole source waiver form.
4. The current process will need to continue because the transition to grant-agreements will only occur as contracts expire, so many existing services will continue as professional services contracts. Also, it will need to continue because there are existing professional services contracts that will never become Grant Agreements. But, the services will continue to meet Chapter 21.42 eligibility criteria.



Proposed DPH 21G.8 Sole Source Grant Solicitation Waiver Process

The Department is proposing a two-part sole Grant Agreement source waiver approval process and today is specifically requesting consideration of #2 below:

1. Create a DPH 21G.8 pre-approval list subject to Health Commission approval, similar to the 21.42 sole source pre-approval list. The development of this process is underway with the City Attorney.
2. Implement a process to comply with the existing Purchaser's Rules and Regulations for 21G.8: Sole Source Grants, which is approval by the Health Commission of each individual waiver request, using OCA's waiver form. This process will be used until there is a pre-approval list process in place, and after that on an individual basis, as needed.
 - To expedite the approval process because the Department must have an approved waiver prior to making a funding commitment (which is the first step in the contract development process), the Contracts Office is requesting Health Commission approval of the following:
 - ☐ Designate the Health Commission Secretary, as the DPH authorized designee to approve the DPH 21G.8 Sole Source Grant Solicitation Waiver Requests in accordance with Resolution #001-85 authorizing the Secretary of the Health Commission to Sign Routine Documents on behalf of the Health Commission.



Proposed DPH 21G.8 Sole Source Grant Solicitation Waiver Process

If approved, the Proposed DPH Grant Solicitation Waiver Process follows:

1. For **each** unique sole source grant agreement request, the Contracts Office will complete a [Grant Solicitation Waiver Form \(P-21G.8\)](#) and submit to Mark Morewitz, Health Commission Secretary for approval on behalf of the Health Commission. The Solicitation Waiver will provide:
 - sufficient supporting documentation to explain and justify the need for a sole source grant agreement
 - specific and comprehensive information that explains why the waiver of competitive solicitation requirements should be approved
2. Once approved, the Contracts Office will record the approval by uploading the approved Grant Solicitation Waiver Form to PeopleSoft as required by OCA.
3. Approval of the waiver, will allow us to begin the development process for a new grant agreement. The grant agreement (aka contract) containing the services approved in the sole source waiver request will be brought to the Health Commission for approval, per the Health Commission's contract approval requirements.



Examples of Common reasons that the Department will seek a sole source waiver

The following reasons for a grant agreement sole source waiver, are the same reasons that the Department currently utilizes for Chapter 21.42 sole source waivers. The primary difference is that sole source waiver approval for a potential grant agreement is unique to the vendor, and Health Commission approval will occur prior to the development of a specific grant agreement with that vendor, aka contract:

- To bridge a timing gap between the expiration of solicited services, and completion of a replacement solicitation.
- The Board of Supervisors' or Mayor may allocate additional funding during the annual budget process with an expectation of an immediate implementation that may not allow for an initial full solicitation process;
- Receipt or restrictions on grant monies or funding (such as agencies included in collaborative grant applications, or agencies with specific legal or administrative authorization to provide services); or
- Initiatives related to specific public health issues, target populations, collaborations, or crisis situations (such as responses to community violence, disease outbreaks, or grassroots/community relationships essential to the provision of the services) where timing is critical.



Next Steps

- Full Health Commission to consider approval at its 5/17/22 meeting